

STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL SERVICES DIVISION
P.O. Box 942850
Sacramento, CA 94250-5878

DATE: April 11, 2002

PERSONNEL LETTER # 02-008
CIVIL SERVICE ONLY

TO: All Agencies in the Uniform State Payroll System

FROM: RALPH ZENTNER, Acting Chief
Personnel/Payroll Services Division

RE: **EMPLOYEE RETIREMENT CHANGE FOR BARGAINING UNITS 01, 03, 04, 11, 15, AND 21**

This Personnel Letter provides information concerning employee retirement changes pursuant to the recent passage of SB 728, the MOU Bill for Bargaining Units 01, 03, 04, 11, 15, and 21. The retirement changes are effective January 1, 2002 and adjustments will occur on a prospective basis effective April 1, 2002 for the majority of employees. Specific instructions are highlighted below.

MISCELLANEOUS/INDUSTRIAL MEMBERS SUBJECT TO SOCIAL SECURITY

The employee rate will be reduced to 0% from April 2002 - June 2003. Beginning July 2003, the rate will return to 5% in excess of \$513 per month.

MISCELLANEOUS/INDUSTRIAL MEMBERS NOT SUBJECT TO SOCIAL SECURITY

The employee rate will be reduced to 1% in excess of \$317 per month from April 2002 - June 2003. Beginning July 2003, the rate will return to 6% in excess of \$317 per month.

SAFETY MEMBERS IN UNITS 01 AND 03

The employee rate will be reduced to 1% of compensation per month from April - November 2002. The rate will be further reduced to 0% from December 2002 - June 2003. Beginning July 2003, the employee rate will be 6% in excess of \$317 per month.

SAFETY MEMBERS IN UNITS 04, 11, AND 15

The employee rate will be reduced to 1.15% in excess of \$238 per month from April - October 2002. The rate will be further reduced to 0% from November 2002 - June 2003. Beginning July 2003, the rate will be 6% in excess of \$317 per month.

STRS MEMBERS

The employee rate will be retroactively adjusted from 8% to 5.5% of compensation per month from January - March 2002. From April - June 2002, the rate will continue at 5.5% of compensation per month. The rate will be further reduced to 3% of compensation per month from July 2002 - June 2003. Beginning July 2003, the rate will return to 8% of compensation per month.

ACCOUNT CODES

Below is a chart identifying the old and new retirement codes, retirement rates, and applicable exclusion amounts.

Current Account Code	New Account Code	Old Rate	New Rate	
T	TB	8%	5.5%	
TA	TC	8%	5.5%	
40	05	6%	1%	
42	06	6%	1%	
45	25	5%	0%	
46	29	6%	1%	
48	73	6%	1%	
49	90	5%	0%	
63	59	8%	1%	(Units 01 and 03)
63	70	8%	1.15%	(Units 04, 11, and 15)
64	65	8%	1%	(Units 01 and 03)
64	69	8%	1.15%	(Units 04, 11, and 15)

NOTE: Exclusion amount for unit 01 and 03 employees in account codes 59 and 65 is changing from \$238.00 to 0.

PROCESSING

The Controller's Office will process an Employment History mass update the evening of April 15, 2002 to post 505 transactions for CalPERS members. The Controller's Office will manually post 505 transactions for STRS members prior to master cutoff. Turnaround PARS will be issued from the update and will also reflect the increases for the three clerical classes identified in DPA Pay Letter 02-05.

Employees with appointment or separation expiration dates prior to April 1, 2002 will not be included in the mass update. Therefore, agencies must determine if the employees are to be re-appointed or separated and key enter the appropriate transaction. If re-appointed, key a 505 transaction effective April 1, 2002 that reflects the correct account code.

The Controller's Office will post 505 transactions to the Employment History Data Base based on transactions processed prior to the April 15 mass update. If an employee's most current transaction reflects an effective date equal to or less than April 1, 2002, the 505 transaction will be posted by the mass update process. If an employee's most recent transaction is effective after April 1, 2002, the 505 transaction will be manually posted by the Controller's Office beginning April 16, 2002. Also, subsequent transactions will be corrected as needed.

Agencies are responsible for updating the History Data Base with the correct retirement account code information for transactions keyed after the April 15 mass update. Failure to do so could result in erroneous employee retirement contributions.

SEMI-MONTHLY PAID EMPLOYEES

The April 2002 first half pay period payments that were issued prior to the mass update were made at the higher employee retirement contribution rate. The second half pay will issue with the reduced employee retirement rate. Most semi-monthly paid employees will have little or no retirement withheld from the second half pay. The Controller's Office will manually adjust payroll records for those employees that are due a refund.

RETROACTIVE PAYROLL ADJUSTMENTS FOR STRS MEMBERS

Payroll adjustments for STRS members for January - March will be retroactively adjusted by the Controller's Office. A separate credit issue warrant will be issued in April.

CONTACTS

If you have any questions concerning this letter, please contact Lynn Black at (916) 327-3926. For PAR documentation, contact the Personnel Liaison Unit at (916) 322-6500. Revisions to the Payroll Procedures Manual and the Personnel Action Manual are forthcoming.

RZ:LB/PMAB